

AGREEMENT FOR LEASE OF PREMISES
3335 South Coast Highway

Date: May 21, 2015

Between: Newport Urban Renewal Agency (Agency), Lessor
169 SW Coast Highway, Newport, Oregon

And: South Beach Church, an Oregon non-profit corporation (Church), Lessee
3335 South Coast Highway, South Beach, Oregon

Newport Urban Renewal Agency leases to South Beach Church and South Beach Church leases from the Newport Urban Renewal Agency the following described property (the "Premises"):

A 6,598 sq. ft. building located at 3335 South Coast Highway the dimensions of which are depicted on Exhibit A together with paved parking areas adjacent to and east of the building.

The building is situated on real property identified as follows:

Beginning at a point on the North line of Lot 2, Block J, HARBORTON, which point is at the intersection of the North line of said Lot 2 and the East line of U.S. Highway 101 as now located; thence East along the said North line of Lot 2, 170.1 feet to the true point of beginning; thence continuing East along said North line of Lot 2, 261.9 feet to the West line of the old Ferry Road; thence Southwesterly along the Westerly right-of-way line of said Ferry Road to the intersection of the same and the South line of Lot 2, Block J, HARBORTON; thence West along the South line of Lot 2 to a point that is South 3018' West from the true point of beginning; thence North 3018' East 299 feet, more or less, to the true point of beginning, all in Lincoln County, Oregon.

Said lease is subject to the terms and conditions stated below:

Section 1. Term

1.1 Original Term. The original term of this lease shall be for a period of 2 years, 7 months commencing on June 1, 2015, and continuing through December 31, 2017.

Section 2. Rent

2.1 Base Rent. The base rent shall be \$3,500.00 per month.

2.2 Additional Rent. All taxes, insurance costs, utility charges that Church is required to pay by this lease, if any, and any other sum that Church is required to pay to Agency, Newport, or third parties shall be additional rent. The parties acknowledge that the Lessee is an Oregon not for profit corporation and is also organized as a tax exempt organization under the Internal Revenue Code. Likewise, the Lessor, as a municipal

entity is exempt from property taxation. As such, the leased Premises should be exempt from real and personal property taxation. The parties agree to cooperate and file such necessary documents with the Lincoln County Assessor that will result in the leased Premises being exempt from real property taxation.

2.3 No Partnership. Agency is not by virtue of this section a partner or joint venturer with Church in connection with the activities carried on under this lease, and shall have no obligation with respect to Lessee's debts or other liabilities, and no interest in Lessee's profits.

Section 3. Use of the Premises

3.1 Permitted Use. The Premises shall be used for church functions including but not limited to religious services, child care, meetings, and church related outreach and activities. Lessee shall use the premises for no other purpose without the consent of Agency, which consent shall not be unreasonably withheld. The use and installation of church related equipment shall be contracted for by Lessee and installed and used at Lessee's cost.

3.2 Restrictions on Use. In connection with the use of the Premises, Church shall:

(1) Conform to all applicable laws and regulations of any public authority affecting the premises and the use, and correct at Lessee's own expense any failure of compliance created through Lessee's fault or by reason of Lessee's use, but shall not make any structural changes to effect such compliance without prior written consent of Agency.

(2) Refrain from any activity that would make it impossible to insure the Premises against casualty, would increase the insurance rate, or would prevent Agency from taking advantage of any ruling of the Oregon Insurance Rating Bureau, or its successor, allowing Agency to obtain reduced premium rates for long-term fire insurance policies, unless Lessee pays the additional cost of the insurance.

(3) Refrain from any use that would be reasonably offensive to other lessees or owners or users of neighboring premises or that would tend to create a nuisance or damage the reputation of the premises.

(4) Refrain from loading the electrical system or floors beyond the point considered safe by a competent engineer or architect selected by Agency.

(5) Refrain from making any marks on or attaching any sign, insignia, antenna, aerial, or other device to the exterior or interior walls, windows, or roof of the premises without the written consent and appropriate permits issued by Newport. All signs, insignias, antennas or other devices presently attached to the building are hereby deemed approved by Lessor provided they conform to all applicable building or sign codes.

3.3. Hazardous Substances. Church shall not cause or permit any hazardous substance to be spilled, leaked, disposed of, or otherwise released on or under the Premises. Church may use or otherwise handle on the Premises only those Hazardous Substances typically used or sold for the purpose of perming maintenance and repairs.

Church may store such Hazardous Substances on the Premises only in quantities necessary to satisfy Lessee's reasonably anticipated needs. Church shall comply with all environmental laws and exercise the highest degree of care in the use, handling, and storage of Hazardous Substances and shall take all practicable measures to minimize the quantity and toxicity of Hazardous Substances used, handled, or stored on the Premises. Upon the expiration or termination of this lease, Church shall remove all Hazardous Substances from the Premises. The term environmental law shall mean any federal, state, or local statute, regulation, or ordinance or any judicial or other governmental order pertaining to the protection of health, safety or the environment. The term Hazardous Substance shall mean any hazardous, toxic, infectious or radioactive substance, waste, and material as defined or listed by any environmental law and shall include, without limitation, petroleum oil and its fractions.

Section 4. Repairs and Maintenance

4.1 Lessee's Obligations. Church is responsible for all maintenance and repair of the Premises and shall keep the Premises in good condition.

4.2 Inspection of Premises. Agency shall have the right to inspect the Premises at any reasonable time upon the giving of 24 hours notice, except that such notice is not required in the event of an emergency.

Section 5. Alterations

5.1 Alterations Prohibited. Church shall make no improvements or alterations on the Premises of any kind without first obtaining Agency's written consent. All alterations shall be made in a good and workmanlike manner, and in compliance with applicable laws and building codes.

5.2 Ownership and Removal of Alterations. All improvements and alterations performed on the Premises by Church shall be the property of Agency when installed unless the parties agree otherwise. At any time Church relinquishes occupancy or the lease is otherwise terminated, improvements and alterations installed by Church shall, at Agency's option, be removed by Church and the premises restored unless Agency specifically provides otherwise.

Section 6. Property Insurance

6.1 Casualty/Loss Insurance Required. Agency shall keep the Premises insured at Agency's expense against fire and other risks covered by a standard fire insurance policy with an endorsement for extended coverage. Lessee shall bear the expense of any renter's insurance insuring its property on the Premises against such risks.

6.2 Waiver of Subrogation. Neither party shall be liable to the other (or to the other's successors or assigns) for any loss or damage caused by fire or any of the risks enumerated in a standard fire insurance policy with an extended coverage endorsement, and in the event of insured loss, neither party's insurance company shall have a subrogated claim against the other. This waiver shall be valid only if the insurance policy in question expressly permits waiver of subrogation or if the insurance company agrees in writing that such a waiver will not affect coverage under the policies. Each party

agrees to use best efforts to obtain such an agreement from its insurer if the policy does not expressly permit a waiver of subrogation.

Section 7. Taxes; Utilities

7.1 Property Taxes. Church shall pay all taxes on its personal property located on the Premises and any real property taxes that may be assessed on the Premises due solely to Lessee's use; however, as provided in Section 2.2 above, the Lessee should qualify for tax exempt status on the leased Premises and the parties agree to cooperate with Church efforts to obtain tax exempt status with the Lincoln County Assessor. Should Lessee deem it necessary to prepare a legal description of the leased Premises to obtain tax exempt status that expense, if any, shall be borne solely by Lessee.

7.2 New Charges or Fees. If a new charge or fee relating to the ownership or use of the Premises or the receipt of rental therefrom, or in lieu of property taxes is assessed or imposed, then, to the extent permitted by law, Church shall pay such charge or fee. However, Church shall not be responsible for paying any assessments for improvement to the property or any adjoining property that represent long term improvements such as, but not limited to, charges associated with local improvement districts.

7.3 Payment of Utilities Charges. Lessee shall be responsible for all utilities to the building including natural gas, electricity, water, sewer, garbage, door locks, and any telephone or telecommunication equipment.

Section 8. Damage and Destruction

8.1 Partial Damage. If the Premises are partly damaged and Section 6.1 does not apply, the Premises shall be repaired by Church at its' expense. Repairs shall be accomplished with all reasonable dispatch subject to interruptions and delays from labor disputes and matters beyond the control of Church and shall be performed in accordance with the provisions of Section 5.

8.2 Destruction. If the Premises are destroyed or damaged such that the cost of repair exceeds 25% of the value of the structure before the damage, either party may elect to terminate the lease as of the date of the damage or destruction by notice given to the other in writing not more than 45 days following the date of damage. In such event, all rights and obligations of the parties shall cease as of the date of termination, and Church shall be entitled to reimbursement of any prepaid amounts paid by Church and attributable to the anticipated term. If neither party elects to terminate, Church shall proceed to restore the Premises to substantially the same form as prior to the damage or destruction. Work shall be commenced as soon as reasonably possible and thereafter shall proceed without interruption except for work stoppages on account of labor disputes and matters beyond Church's reasonable control.

8.3 Damage Late in Term. If damage or destruction to which Section 8.2 would apply occurs within four months before the end of the then-current lease term, Church may elect to terminate the lease by giving written notice to Agency within 30 days after the date of the damage. Such termination shall have the same effect as termination under Section 8.2.

Section 9. Liability Insurance and Indemnity

9.1 Liens

(1) Except with respect to activities for which Agency is responsible, Church shall pay as due all claims for work contracted by Church for services rendered or material furnished to the Premises, and shall keep the Premises free from any liens. If Church fails to pay any such claims or to discharge any lien, Agency may do so and collect the cost as additional rent. Any amount so added shall bear interest at the then-current rate allowed by law from the date expended by Agency and shall be payable on demand. Such action by Agency shall not constitute a waiver of any right or remedy which Agency may have on account of Church default.

(2) Church may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay, as long as Agency's property interests are not jeopardized.

9.2 Indemnification. Church shall indemnify and defend Agency from any claim, loss, or liability arising out of or related to any activity of Church on the Premises or any condition of the Premises in the possession or under the control of Church including any such claim, loss, or liability that may be caused or contributed to in whole or in part by Church's own negligence or failure to effect any repair or maintenance required by this lease. Agency shall have no liability to Church for any injury, loss, or damage caused by third parties, or by any condition of the Premises except to the extent caused by Agency's negligence or breach of duty under this lease.

9.3 Liability Insurance. Church shall procure and maintain during the term of the lease general liability insurance covering claims for injuries to members of the public or damage to property of others arising out of any covered negligent act or omission of Church or of any of its employees, agents or assigns, with \$1,000,000 per occurrence and in the aggregate. Such insurance shall protect Agency on account of the obligations assumed by Church under this lease, and shall name Agency as an additional insured. A copy of the policy, issued by a company currently licensed in the State of Oregon and certified as a true copy by an authorized representative of the issuing company, or, at the discretion of the Agency, a certificate in a form satisfactory to Agency certifying to the issuance of such insurance, shall be furnished to Agency no later than May 1, 2015.

Section 10. Quiet Enjoyment; Warranty

Agency warrants that it is the owner of the Premises and has the right to lease them. Agency will defend Lessee's right to quiet enjoyment of the Premises from the lawful claims of all persons during the lease term.

Section 11. Assignment and Subletting

No part of the Premises may be assigned or subleased, nor may a right of use of any portion of the property be conferred on any third person by any other means, without the prior written consent of Agency.

Section 12. Default

The following shall be events of default:

12.1 Default in Rent. Failure of Church to pay any rent or other charge within 10 days after written notice that it is due.

12.2 Default in Other Covenants. Failure of Church to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within 20 days' after written notice by Agency specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 20-day period, this provision shall be complied with if Church begins correction of the default within the 20-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

Section 13. Termination

13.1 Termination. At any time Church may terminate the lease on not less than 90 days' prior notice to Agency. In the event of a default -that is not remedied as set forth in Section 12, the lease may be terminated at the option of Agency by 30 days' written notice to Church. Agency may reenter and take possession of the premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender.

13.2 Remedies Cumulative. The foregoing remedy shall be in addition to and shall not exclude any other remedy available to Agency under applicable law.

Section 14. Surrender at Expiration

Upon expiration of the lease term or earlier termination, lessee shall pay any amount owed for utility service provided under Section 7.3. on a pro-rata basis for any partial month.

14.1 Condition of Premises. Upon expiration of the lease term or earlier termination, Church shall deliver all keys to Agency and surrender the Premises in first-class condition and broom clean. Alterations constructed by Church with permission from Agency shall not be removed or restored to the original condition unless the terms of permission for the alteration so require. Depreciation and wear from ordinary use for the purpose for which the Premises are leased shall be excepted but repairs for which Church is responsible shall be completed to the latest practical date prior to such surrender. Lessee's obligations under this section shall be subordinate to the provisions of Section 8 relating to destruction.

14.2 Removal; Fixtures; Repair

(1) All fixtures placed upon the Premises during the term, other than Lessee's trade fixtures, shall, at Agency's option, become the property of Agency. If Agency so elects, Church shall remove any or all fixtures that would otherwise remain the property of Agency, and shall repair any physical damage resulting from the removal. If Church fails to remove such fixtures, Agency may do so and charge the cost to Church with interest at the legal rate from the date of expenditure.

(2) Prior to expiration or other termination of the lease term Church shall remove all furnishings, furniture, and trade fixtures that remain its property. If Church fails to do so, this shall be an abandonment of the property, and Agency may retain the property and all rights of Church with respect to the property shall cease or, by notice in writing given to Church within 20 days after removal was required, Agency may elect to hold Church to its obligation to remove the property. If Agency elects to require Church to remove the property, Agency may effect a removal and place the property in public storage for Lessee's account. Church shall be liable to Agency for the costs of removal, transportation to storage, and storage, with interest at the legal rate on all such expenses from the date of expenditure by Agency.

14.3 Holdover

(1) If Church does not vacate the Premises at the time required, Agency shall have the option to treat Church as a lessee from month to month, subject to all of the provisions of this lease. Failure of Church to remove fixtures, furniture, furnishings, or trade fixtures that Church is required to remove under this lease shall constitute a failure to vacate to which this section shall apply if the property not removed will substantially interfere with occupancy of the Premises by another lessee or with occupancy by Agency for any purpose including preparation for a new lessee.

(2) If a month-to-month tenancy results from a holdover by Church under this Section 14.3, the tenancy shall be terminable at the end of any monthly rental period on written notice from Agency given not less than 10 days prior to the termination date which shall be specified in the notice. Church waives any notice that would otherwise be provided by law with respect to a month-to-month tenancy.

Section 15. Miscellaneous

15.1 Nonwaiver. Waiver by either party of strict performance of any provision of this lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

15.2 Notices. Any notice required or permitted under this lease shall be given when actually delivered or 48 hours after deposited in United States mail as certified mail addressed to the address first given in this lease or to such other address as may be specified from time to time by either of the parties in writing.

15.3 Succession. Subject to the above-stated limitations on transfer of Lessee's interest, this lease shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

15.4 Recordation. This lease shall not be recorded without the written consent of Agency.

15.5 Entry for Inspection. Agency shall have the right to enter upon the Premises at any time after 24 hours notice to Church to determine Lessee's compliance with this lease, to make necessary repairs to the building or to the Premises, or to show the Premises to any prospective lessee or purchaser, and in addition shall have the right, at any time during the last two months of the term of this lease, to place and maintain upon

the Premises notices for leasing or selling of the Premises. The 24 hour notice provision shall not apply in the event of an emergency.

15.6 Subordination

Church acknowledges and agrees to subordinate any interest of Church in the leased Premises to facilitate improvements Agency plans to make to adjoining public rights-of-way including, but not limited to:

- (1) Agency transferring or conveying any interest in real property along the perimeter of the real property upon which the Premises is located;
- (2) Agency locating and/or relocating utilities above or below the Premises and real property upon which the Premises is located;
- (3) Agency staging construction materials and equipment on the Premises provided the staging activities do not unnecessarily interfere with the Church occupancy; and
- (4) Agency relocating points of ingress and egress to the Premises.

Provided; however, that the Church shall not be required to subordinate its lease in any manner that causes the Church to give up use of the building during the term of the lease.

NEWPORT URBAN RENEWAL AGENCY



Spencer Nebel, Executive Director

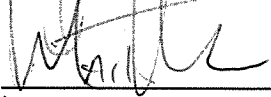
05-22-15


Date

Approved as to Form:



Steve Rich, City Attorney



Lessee

MATT HARNER

5/26/15

Date